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August 3, 2001

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

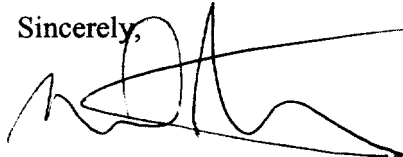
Re: ***Ex Parte Presentation***
**In the Matter of Provision of Directory Listing Information Under the
Telecommunications Act of 1934, As Amended, CC Docket No. 99-273**

Dear Ms. Salas:

On July 31, 2001, Peter Meyer, CEO of Telegate, Inc. sent a copy of the attached article to Jeffrey Carlisle, Senior Deputy Bureau Chief of the Common Carrier Bureau.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,



Gil M. Strobel

Enclosure

cc: Jeffrey Carlisle

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Verizon Hikes Charge for National 411

By Peter S. Goodman

Washington Post Staff Writer

Tuesday, May 22, 2001; Page E01

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Verizon Communications Inc., the dominant local telephone company across the mid-Atlantic and northeastern states, is increasing the price of its national 411 information service by nearly a third.

The jump comes as Verizon lifts rates for other services -- high-speed Internet access and a line-maintenance program among them -- intensifying questions about the benefits of Congress's decision to deregulate the telecommunications industry five years ago.

Verizon justified the increase as a necessary means of covering the costs of its national information service in a market increasingly under assault by new competitors. Long-distance carriers have launched their own competing services. So have Internet start-ups that now offer ways to gain listings free.

"You have 4,000 people a day taking almost 5 million [information] calls," said Jim Smith, a Verizon spokesman. "It's just the reality of competition in a difficult product area with high expenses coping with the loss of market share. In order to maintain the revenue, you need to maximize the revenue. . . . Competition is taking prices to a higher fair-market price."

But consumer advocates counter that none of the rivals enjoys the advantages of local giants such as Verizon -- direct relationships with tens of millions of households and businesses, and decades of consumer conditioning that the way to gain an unknown telephone number is to dial 411. They argue that price increases highlight the downside of deregulation.

"This is the local telephone monopoly taking advantage of its name recognition, its ability to bundle services together, its ability to take advantage of a consumer who was used to getting a reasonable price for a quality service and just jacking up prices," said Gene Kimmelman, co-director of the Washington office of Consumers Union. "Something is fundamentally wrong when the more competition you have in telecom, the higher the prices go."

The old Bell Atlantic Corp. -- since merged with GTE Corp. to form Verizon -- introduced its national information service two years ago. Callers had for decades been able to receive local listings by dialing 411. The new service allowed them to dial the same three digits and gain numbers for homes and businesses anywhere in the nation.

Under the price increase now being phased in, a call for a number outside a customer's local area jumps from 95 cents to \$1.25 -- a 32 percent climb. The change took effect

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in April in New Jersey and last week in New York. It is slated to begin June 1 in the District, Maryland and Virginia. Verizon plans to proceed with the increase throughout its 31-state territory over the next two years.



For now, the change does not affect what customers pay for local listings via 411. Those prices are regulated by state authorities and vary across the phone company's territory. But Verizon does plan to seek authority to increase those rates "in the near future," Smith said.

The increases for long-distance listings do not require state or federal approval, because regulators have declared that the market for such services is competitive.

Even after the jump in price, Verizon's charges for long-distance information will still remain significantly below those of its primary rivals -- major long-distance carriers such as AT&T Corp., WorldCom Inc. and Sprint Corp. Customers reach those services by dialing an area code plus 555-1212. They are then connected to an information operator for their chosen long-distance carrier.

AT&T recently increased the cost of its national information service from \$1.49 to \$1.99, though its "00" service remains \$1.49. WorldCom and Sprint have both jumped from \$1.40 to \$1.99, according to the Telecommunications Research and Action Center, a nonprofit consumer research group, based in Washington.

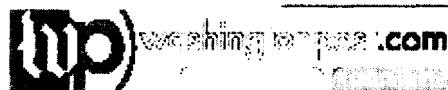
So far, Verizon has not notified any of its customers about the increase.

"Did AT&T notify you when they raised their price. . . . No, they told nobody," Smith said. "That's the way it goes."

An AT&T spokesman said the company notifies customers of rate increases on its Web site. Verizon does plan to notify customers eventually by including messages with bills, Smith said, but he would not specify when.

"When they can get the insert or imprint into the bill," Smith said. "There's competition for space in the bill."

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